

D50H01 Military Department

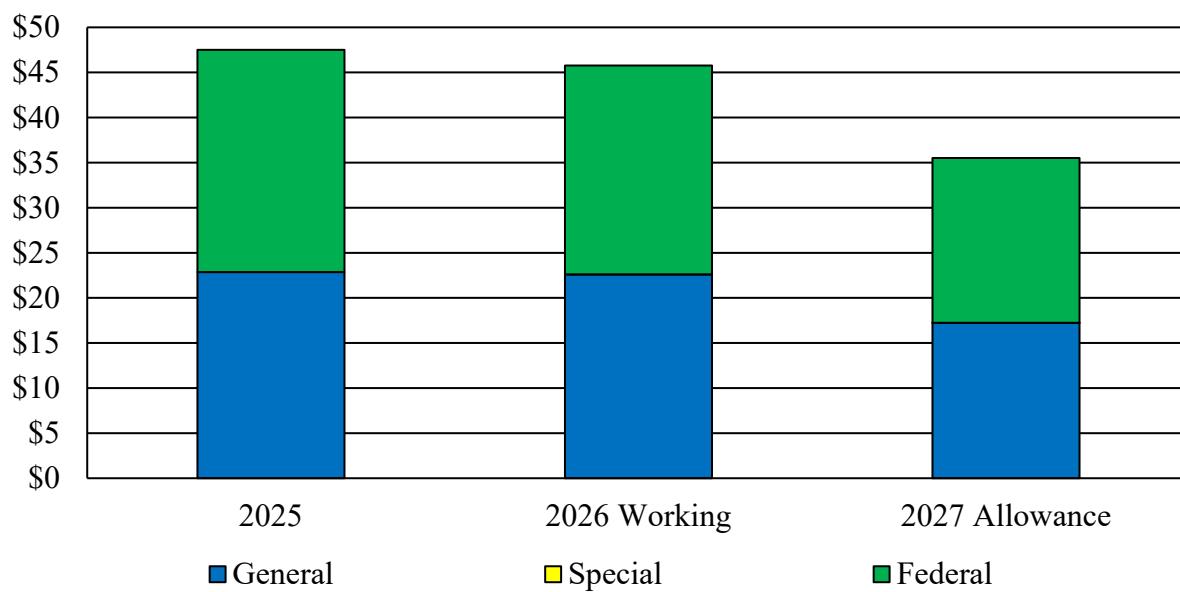
Program Description

The Maryland Military Department provides overall direction and maintenance of the Maryland National Guard (MDNG), which is comprised of the Maryland Army National Guard and the Maryland Air National Guard. The department also includes the MDNG Joint Staff that supports MDNG's administration, planning, and coordination, and the all-volunteer Maryland Defense Force. MDNG may be called up by the Governor during State emergencies or may be activated by the federal Department of Defense (DoD). Operating expenses of MDNG facilities are a shared State and federal responsibility. During Governor call-ups, MDNG salaries and expenses are the responsibility of the State; the remaining funding for equipment, training, and other federal missions are paid for by the National Guard Bureau (NGB) within DoD.

The Military Department's goals are to maintain proper readiness of its guardsmen, ensure that all facilities are maintained, provide adequate training and support of MDNG operations, and ensure that veterans are buried with honor and dignity.

Operating Budget Summary

Fiscal 2027 Budget Decreases \$10.2 Million, or 22.4%, to \$35.5 Million
(\$ in Millions)



Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

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Fiscal 2026

Proposed Deficiency

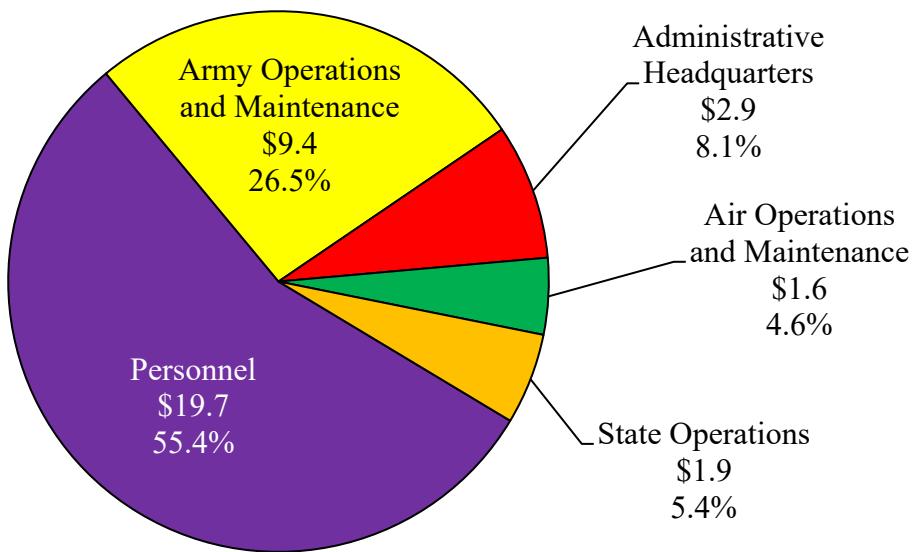
The fiscal 2027 budget includes two proposed fiscal 2026 deficiency appropriations totaling \$2.1 million in general funds for the Military Department, which include:

- \$1.1 million to fund 28 soldiers under the State Active Duty Armed Security Forces who will provide site security at the Fifth Regiment Armory, Havre de Grace Military Reservation, and Camp Fretterd Military Reservation. The remaining balance of \$1.4 million for this purpose is expected to come from federal funds. **The Military Department should clarify if the federal funds for the State Active Duty Armed Security Forces are already budgeted in the fiscal 2026 working appropriation, and if not, discuss the timing of submitting a budget amendment to add the funds.**
- \$1 million to fund critical needs and end of life repair of Army Operations and Maintenance infrastructure projects across 35 location sites, which include replacing fire alarm control panels, HVAC, and septic system maintenance.

Fiscal 2027 Overview of Agency Spending

The fiscal 2027 allowance includes a total of \$35.5 million for the Military Department. As shown in **Exhibit 1**, 55% of the fiscal 2027 allowance, or \$19.7 million, is budgeted for regular personnel expenses, including 167.5 regular positions. This reflects personnel across the Administrative Headquarters, State Operations, and the Army and Air National Guards. The remaining appropriations reflect each program's respective operational expenses. The Army National Guard, which provides combat troops to the U.S. Army, engineer transportation and medical units, and military police for State service, accounts for approximately \$9.4 million, or almost 27%, of total nonpersonnel related departmental expenditures in fiscal 2027.

Exhibit 1
Overview of Agency Spending
Fiscal 2027 Allowance
(\$ in Millions)



Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Governor's Fiscal 2027 Budget Books

The Air National Guard's primary flying mission officially ended in September 2025, and as a result, it is currently transitioning its mission to a major cyber operations center to serve the State's cyber mission by collaborating with the U.S. Cyber Command at Fort Meade. Nonpersonnel spending on the Air National Guard accounts for \$1.6 million, or 4.6%, of the fiscal 2027 budget. This difference from the Army National Guard's share of the budget reflects the fact that the Air National Guard tends to be more federally focused on its responsibilities, compared to the Army National Guard, which expends more resources on supporting State- or community-based missions. A significant portion of the Military Department's operations support 100% federally funded missions and operations with funding that does not appear in the State budget. **The Military Department should brief the committees on the transition of the Air National Guard mission from flying mission to cyber operations hub and also explain how this change may impact the department's budget beyond fiscal 2027.**

The administrative functions performed by the department's headquarters account for approximately \$2.9 million, or 8.1%, of the allowance. The State Operations program accounts for approximately \$1.9 million, or 5.5%, primarily for the Honor Guard, the Tricare Premium Reimbursement Program, and tuition assistance to qualifying members of MDNG. The fiscal 2027 allowance for the State Operations program includes \$871,300 for the Tricare Premium Reimbursement Program, which is discussed in Key Observation 2 of this analysis.

SB 142/HB 232 of 2026 are departmental bills that would expand the definition of eligible institutions for tuition assistance to include trade or career schools recognized by the Maryland Higher Education Commission or the Maryland Apprenticeship and Training Council. In current law, eligible trade schools are limited to those that offer qualifying MDNG members a tuition waiver of at least 50%. The legislation would also expand the types of expenses eligible for funding to include training assistance to cover expenses related to professional development resources, such as industry-required tools, technology, professional equipment, and personal protective equipment, among other uses. The fiscal 2025 budget included \$600,000 for the tuition assistance program, of which \$587,213 was spent by the end of fiscal 2025. Funding in fiscal 2026 and 2027 is level at \$600,000 each year. **The Military Department should discuss the potential fiscal impacts of expanding eligible uses of tuition assistance as outlined in SB 142/HB 232.**

Proposed Budget Change

As shown in **Exhibit 2**, the fiscal 2027 allowance for the Military Department decreases by \$10.2 million, or 22.4%, compared to the fiscal 2026 working appropriation after accounting for proposed deficiency appropriations. The largest driver of the overall decrease in spending is a reduction of \$8.3 million due to the closure of the Freestate ChalleNGe Academy (FCA) program, which is discussed in further detail in Key Observation 1. This reduction includes \$4.7 million in regular personnel expenses for 47 abolished positions that supported the FCA program. A decrease of \$3.6 million is related to the removal of one-time fiscal 2026 expenses, and a decrease of \$1.3 million accounts for various Air and Army National Guard facility operations, repair, and maintenance. These decreases are partially offset by a total of \$2.8 million in additional funds to support improvements across military installations and higher expenses for fuel and utilities.

Exhibit 2
Proposed Budget
Military Department
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Total
Fiscal 2025 Actual	\$22,854	\$0	\$24,655	\$47,509
Fiscal 2026 Working	22,607	5	23,161	45,774
Fiscal 2027 Allowance	17,240	5	18,281	35,526
Fiscal 2026-2027 \$ Change	-\$5,368	\$0	-\$4,880	-\$10,248
Fiscal 2026-2027 % Change	-23.7%	0.00%	-21.1%	-22.4%

Where It Goes:	Change
Personnel Expenses	
Employee and retiree health insurance.....	
	\$713
Reclassifications.....	271
Deferred compensation match due to change in budgeting	28
Workers' compensation.....	-104
Salary adjustments and associated fringe benefits	-123
Turnover rate, excluding FCA abolished positions, increases from 7.8% to 9.0%.....	-206
Salaries and associated fringe benefits attributable to the FCA program, mainly driven by 47.0 abolished positions	-4,730
Other Changes	
Fuel and utilities, including MES charges.....	1,400
Additional funds to support improvements across military installations, including professional fees, water, and security alarm systems	1,389
Other building improvements.....	710
Contracts for equipment rental, repairs, and maintenance	401
Vehicle expenses, including replacement of 2.0 vehicles.....	45
Cost allocations, mainly DoIT IT service allocations	37
Fixed charges, including rent and insurance paid to the State Treasurer's Office	-33
Office supplies, materials, and equipment, including one-time audio-visual equipment	-63
Communication expenses, including telecom lines	-81
Software licenses.....	-91
Armed security at Camp Fretterd, Fifth Regiment Armory, and Havre de Grace.....	-257

Where It Goes:

	<u>Change</u>
Army and Air National Guard facility operation and maintenance	-282
One-time funding to bring the Emergency Operations Center at Camp Fretterd online.....	-961
Building repair and maintenance.....	-1,059
Fiscal 2026 deficiency appropriation for State Active Duty Armed Security Forces.....	-1,100
One-time expense for building additions, ground maintenance, and oil storage tanks	-2,684
Nonpersonnel expenses attributable to the closure of the FCA program.....	-3,533
Other expenses	66
Total	-\$10,248

DoIT: Department of Information Technology

FCA: Freestate ChalleNGe Academy

IT: information technology

MES: Maryland Environmental Service

Note: Numbers may not sum to total due to rounding. The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	Actual	Working	Allowance	Change
Regular Positions	227.50	214.50	167.50	-47.00
Contractual FTEs	<u>126.00</u>	<u>20.00</u>	<u>16.00</u>	<u>-4.00</u>
Total Personnel	353.50	234.50	183.50	-51.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	16.43	9.81%
Positions and Percentage Vacant as of 12/31/2025	78.50	36.60%
Vacancies Above Turnover	62.07	

- On October 22, 2025, the Board of Public Works approved the abolition of 502.7 positions statewide, which include 170.7 vacant positions and 332.0 positions associated with the Voluntary Separation Program (VSP). In the Military Department, 17.0 positions were

abolished, of which 7.0 positions were vacant, and 10.0 positions were due to the VSP, and resulted in total salary savings of \$1.3 million. Of the 17.0 abolished positions, 7.0 positions were from the Army Operations and Maintenance program, 5.0 positions were from the Administrative Headquarters program, 4.0 positions were from the State Operations program, and 1.0 position was from the Air Operations and Maintenance program.

- The fiscal 2027 allowance abolishes 47 regular positions and reduces 4 contractual positions due to the closure of the FCA program beginning in September 2025. However, 3 regular positions continue to be budgeted for the FCA program in fiscal 2027. **The Military Department should comment on the reason for the remaining positions budgeted under FCA in fiscal 2027 and discuss any plans to reallocate the positions to other programs.**
- As of December 31, 2025, the Military Department reported 78.5 vacant positions, which include the 47 positions abolished in the fiscal 2027 allowance. Excluding these abolished positions, there are 31.5 remaining vacant positions (14.7% of authorized positions in fiscal 2026). Of these 31.5 vacant positions, 19 positions have been vacant for less than a year, and 12.5 positions have been vacant for more than a year due to an internal hiring freeze.
- Committee narrative in the 2025 *Joint Chairmen's Report* (JCR) requested that the Military Department submit a report on its vacant positions, internal hiring freeze, and recruitment efforts. The Military Department submitted its report on July 30, 2025, and noted that the internal hiring freeze continued into calendar 2025, which resulted in a consistently higher vacancy rate. Additionally, the agency noted that it was working on a reorganization to align more with the department's mission and enhance operational efficiency. Of the 49 vacant positions reported as of December 31, 2024, 18 positions were filled as of the report submission date, 17 positions were at various stages of being filled or reclassified, 8 positions were vacant due to the continued hiring freeze, and 6 positions have since been abolished in fiscal 2026 as discussed above. **The department should provide an update on its reorganization efforts and how its operations will be supported with the reduced personnel capacity from abolished positions and persistently high vacancies. Additionally, the department should provide the targeted number of positions required for its current operations considering the high vacancy rate and hiring freeze.**

Key Observations

1. Freestate ChalleNGe Academy Closure

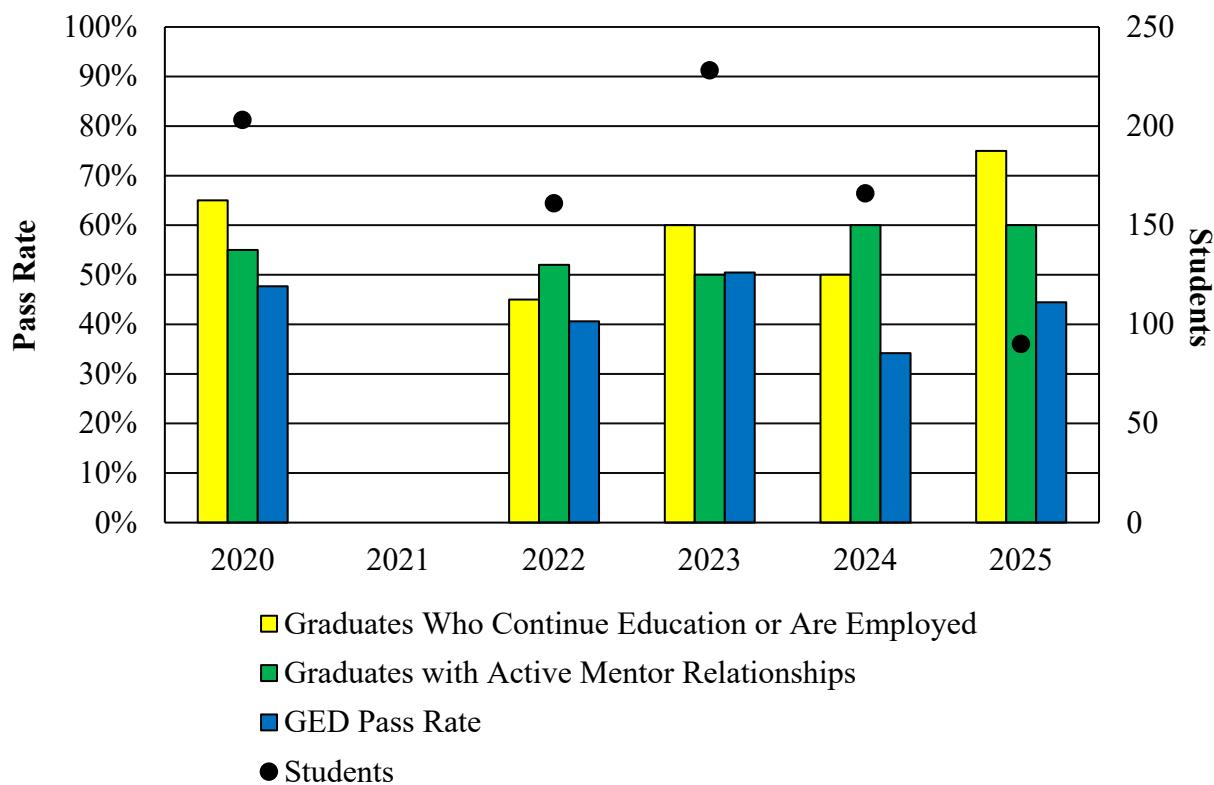
FCA is a State-run 22-week residential program that is followed by a 12-month post residential intervention phase for 16- to 18-year-olds who have dropped out of high school or are at risk of dropping out. MDNG typically operates two classes of about 100 students annually. During fiscal 2020 and early fiscal 2021, while FCA completed the remainder of a residential phase virtually and did not hold the two classes that were planned for fiscal 2021 due to COVID-19, FCA used the funds budgeted for fiscal 2021 to begin construction on infrastructure improvements. Since then, the department has received funds from the Department of General Services' Facility Renewal Fund to continue FCA facility renovation in addition to funds from other sources.

In September 2025, the FCA program was shut down due to plumbing issues at the facility. Of the 52 cadets enrolled, 10 cadets were transferred to the District of Columbia's Capital Guardians ChalleNGe Academy, 4 were transferred to the New Jersey ChalleNGe Academy, and the remaining 38 cadets were transferred back to their home schools or were undergoing GED testing with support from FCA staff. Of the 36 FCA staff, all but 2 staff members were laid off. The department expects to utilize the remaining fiscal 2026 appropriation to facilitate hiring, training, and completion of background checks for the new and returning cadre when the program is cleared to resume operations. However, it is unclear how much funding has been budgeted for FCA facility renovations, the extent of the renovations needed, and the status of these renovations. **The Military Department should provide a detailed accounting of appropriated funds, fund sources, expenditures incurred, amounts encumbered, and the status of these renovations.**

The FCA program remains closed with no timeline for reopening as the fiscal 2027 allowance reduces 47 of 50 regular positions dedicated to this program and reduces the operating budget by \$8.7 million, or 96.6%, as compared to the fiscal 2026 working appropriation. **The Military Department should brief the committees on the continued closure of the FCA program, including the timeline for resuming the program, a detailed spending plan for the remaining fiscal 2026 appropriation, and the department's plan for infrastructure improvements for the FCA facility during the closure.**

Exhibit 3 presents information on the number of students served in the FCA program in recent years, along with select measurements of the program's performance. MDNG typically has a goal of enrolling 200 students in FCA annually, but this goal was changed to 150 students for fiscal 2022 – a 25% reduction for each class – due to COVID-19 restrictions. Additionally, FCA conducted only one cadet class in fiscal 2022, while two cadet classes were conducted in all other fiscal years. In fiscal 2025, 90 students enrolled in the program, a 45.8% decrease from fiscal 2024 and a 60.5% decrease from fiscal 2023. FCA aims to have at least 70% of its graduates continue their schooling, find employment, or enter the military. In fiscal 2025, 75% of FCA graduates continued their education or were employed, a 25 percentage point increase from fiscal 2024. In fiscal 2025, the FCA class had a GED pass rate of 44%, an increase of 10 percentage points from fiscal 2024.

Exhibit 3
Freestate ChalleNGe Academy Performance Measures
Fiscal 2020-2025



Source: Department of Budget and Management

2. Tricare Premium Reimbursement Program

Chapter 612 of 2023 established the Tricare Premium Reimbursement Program in the Military Department, which officially launched on November 1, 2023. Under the program, the Military Department may award grants to an eligible recipient who meets the reimbursement application requirements for a premium paid for individual or dependent coverage under Tricare Reserve Select (TRS) or the Tricare Dental Program. An eligible recipient means an individual who is a member of MDNG and is eligible for TRS. Chapter 745 of 2024 removed the prior reimbursement limit of up to \$60 per month, although the total amount of grants awarded in a fiscal year may not exceed the program's annual appropriation. Currently, the reimbursement limit is set at \$150 per month.

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Committee narrative in the 2025 JCR requested that the Military Department submit a report on Tricare Premium Reimbursement Program participation and rates, reimbursement claims, average grant amounts, and the department's outreach activities to increase program enrollment. The Military Department submitted its report on December 18, 2025, and noted that program participation increased from 1,091 enrolled members in fiscal 2025 to 1,193 enrolled members as of the submission of the report. Of the 1,193 enrolled members, 833 are Army National Guard members, and 360 are Air National Guard members. The total grant amount for fiscal 2025 was \$871,300, and the average reimbursement amount was \$150.

The department's outreach activities include monthly attendance at Future Formations and the Recruit Sustaining Programs table briefings, in partnership with Tricare's Dental Regional Manager, to inform new MDNG members about the Tricare Premium Reimbursement Program. The department also maintains a designated email for the program to assist the currently enrolled and interested members with enrollment, reimbursement processes, and any questions regarding the program. It is unclear how many MDNG members are currently eligible to participate in the program and the average premium amount for each of the coverage plans under the program. **The Military Department should provide the total number of MDNG members who are currently eligible to participate in the program and the average premium amount for each coverage plan under the program.**

The Department of Legislative Services (DLS) recommends adopting committee narrative requesting that the Military Department include, beginning with the fiscal 2028 Managing for Results submission, new measures for the Tricare Premium Reimbursement Program that track program progress.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Managing for Results (MFR) Measures for Tricare Premium Reimbursement Program: Chapter 612 of 2023 established the Tricare Premium Reimbursement Program in the Military Department, which officially launched in November 2023. The committees request that the Military Department, beginning with the fiscal 2028 MFR submission, include new measures for the Tricare Premium Reimbursement Program that track program progress. The measures should include for each year:

- the number of Maryland National Guard (MDNG) members eligible to participate in the program;
- the number of eligible MDNG members enrolled in the program;
- the program participation rate;
- average reimbursement claims submitted;
- average grant amounts; and
- average premium amounts for each of the coverage plans.

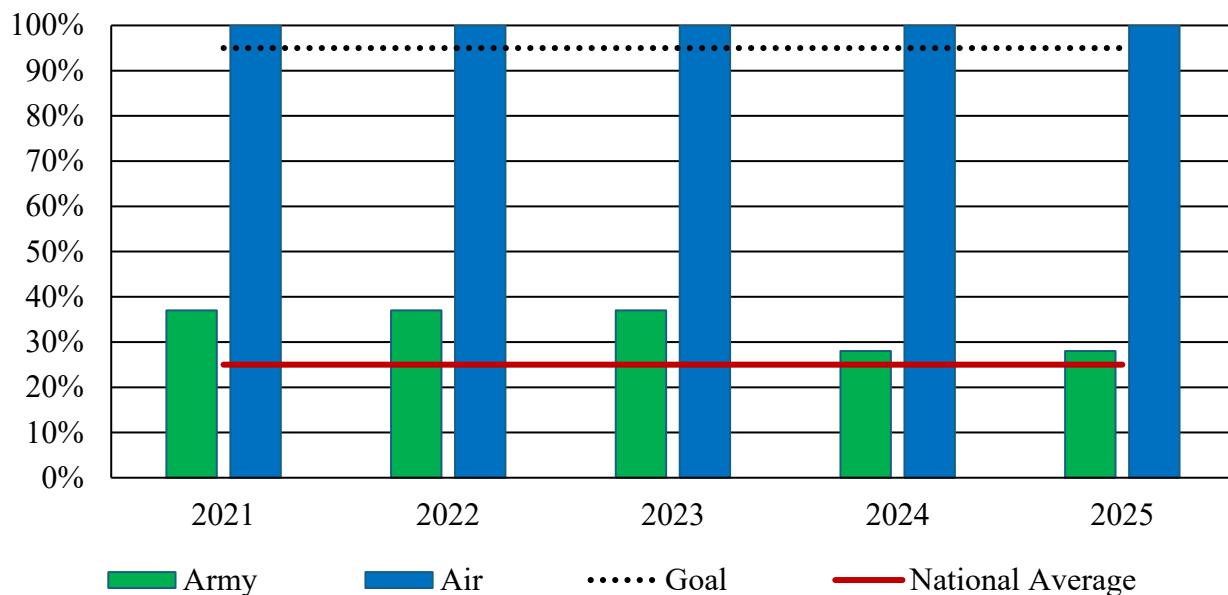
Information Request	Author	Due Date
MFR measures for Tricare Premium Reimbursement Program	Military Department	With submission of the fiscal 2028 budget

Updates

- **Army National Guard Facilities Readiness Stagnates:** All MDNG facilities and real property support the operation and training needs of MDNG and the ability to respond to State and local emergencies. One of the responsibilities of the Military Department is to build and maintain the armories and other facilities used by MDNG. Funding is split between federal and State funds depending on the facility through a cooperative agreement with the DoD NGB. The fiscal 2027 allowance includes \$1.1 million split between general and federal funds for contracts and grants for Army National Guard facility maintenance. This amount is \$672,582, or 37.7%, lower than the fiscal 2026 working appropriation.

Exhibit 4 shows the percentage of air and army facilities that are currently in fully functional status between fiscal 2021 and 2025. The Maryland Air National Guard has consistently maintained 100% functionality in their facilities. The Maryland Army National Guard facility functionality remains at 28% in fiscal 2025, a 9 percentage point decrease from fiscal 2023. While this is above the national average of 25%, it is well below MDNG's goal of 95%.

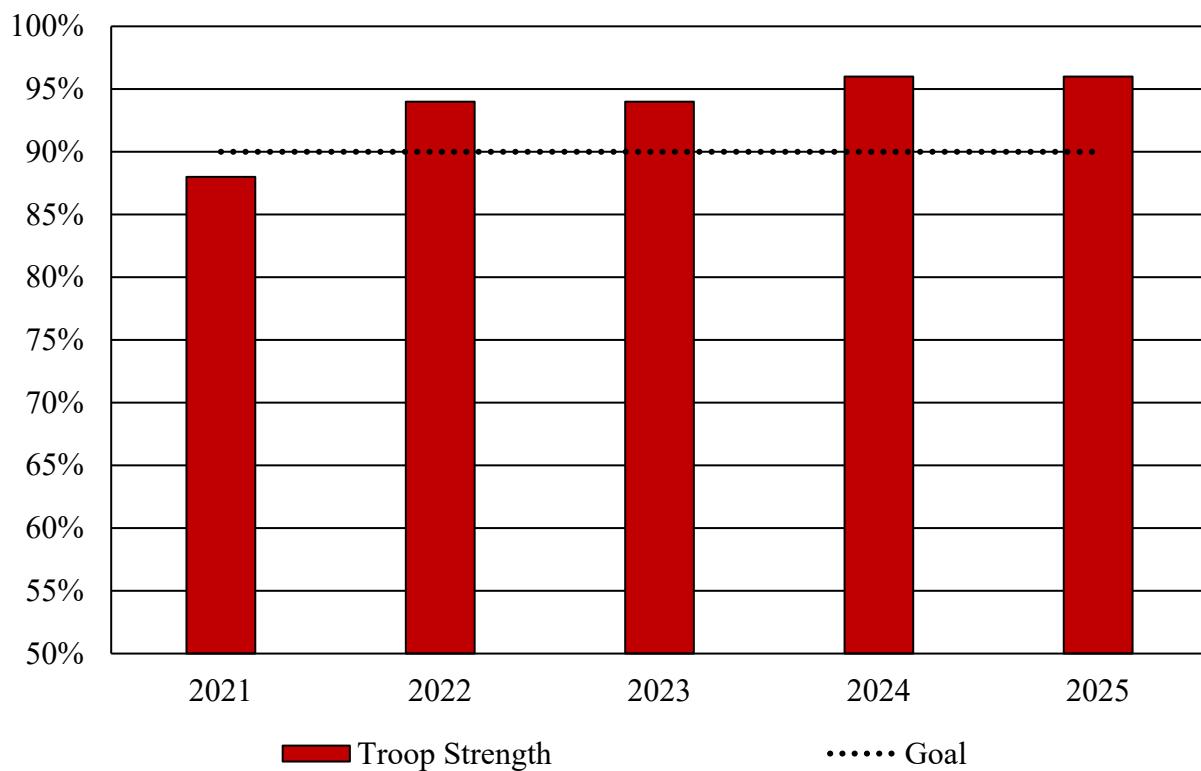
Exhibit 4
Functional Status of National Guard Facilities
Fiscal 2021-2025



Source: Department of Budget and Management

- **National Guard Troop Strength Continues to Surpass Department Goals:** MDNG aims to attain 90% of the federally defined authorized troop strength. As shown in **Exhibit 5**, the department exceeded this goal each year from fiscal 2022 through 2025, except in fiscal 2021 where it dropped to 88% primarily due to COVID-19. Since then, the authorized troop strength has recovered due to changes in recruitment and retention screening protocols to retain and assess personnel to comply with DoD requirements.
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Exhibit 5
Maryland National Guard Authorized Troop Strength
Fiscal 2021-2025



Source: Department of Budget and Management

Appendix 1 **2025 Joint Chairmen’s Report Responses from Agency**

The 2025 JCR requested that the Military Department prepare two reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Efforts to Fill Vacant Positions:*** As of December 31, 2024, the Military Department had 49 vacant positions, 9 of which had been unfilled for more than one year. The Military Department reported that a key reason for the increase in vacancies was an internal hiring freeze in fiscal 2024 implemented in response to funding shortfalls. The committees requested that the Military Department submit a report on the status of all December 2024 vacant positions, the status of the internal hiring freeze, and active recruitment efforts to fill vacant positions. Further discussion of the department’s efforts can be found in the Personnel section of this analysis.
- ***Tricare Premium Reimbursement Program Participation:*** The Tricare Premium Reimbursement Program was launched on November 1, 2023. The committees requested that the Military Department submit a report on program participation and rates, reimbursement claims submitted year to date, and average grant amounts for fiscal 2026, along with the department’s plans to increase enrollment. Further discussion of the Tricare Premium Reimbursement Program can be found in Key Observation 2 of this analysis.

Appendix 2
Object/Fund Difference Report
Military Department

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk Approp</u>	<u>FY 27 Allowance</u>	<u>FY 26-27 \$ Change</u>	<u>% Change</u>
Positions					
01 Regular	227.50	214.50	167.50	-47.00	-21.9%
02 Contractual	126.00	20.00	9.00	-11.00	-55.0%
Total Positions	353.50	234.50	176.50	-58.00	-24.7%
Objects					
01 Salaries, Wages and Fringe Benefits	\$21,125,148	\$23,820,894	\$19,668,933	-\$4,151,961	-17.4%
02 Technical and Special Fees	1,529,880	2,004,349	637,036	-1,367,313	-68.2%
03 Communications	1,026,891	1,151,939	1,055,158	-96,781	-8.4%
04 Travel	24,213	42,193	2,308	-39,885	-94.5%
06 Fuel and Utilities	4,708,446	2,367,161	3,735,766	1,368,605	57.8%
07 Motor Vehicle Operation and Maintenance	705,154	212,517	234,188	21,671	10.2%
08 Contractual Services	12,506,896	9,198,525	4,214,755	-4,983,770	-54.2%
09 Supplies and Materials	627,808	477,328	305,677	-171,651	-36.0%
10 Equipment – Replacement	56,533	89,618	645	-88,973	-99.3%
11 Equipment – Additional	197,780	2,500	12,336	9,836	393.4%
12 Grants, Subsidies, and Contributions	1,298,777	1,496,506	1,474,582	-21,924	-1.5%
13 Fixed Charges	705,713	844,298	729,117	-115,181	-13.6%
14 Land and Structures	2,996,176	4,065,897	3,455,590	-610,307	-15.0%
Total Objects	\$47,509,415	\$45,773,725	\$35,526,091	-\$10,247,634	-22.4%
Funds					
01 General Funds	\$22,854,347	\$22,607,473	\$17,239,805	-\$5,367,668	-23.7%
03 Special Funds	0	4,857	4,857	0	0.0%
05 Federal Funds	24,655,068	23,161,395	18,281,429	-4,879,966	-21.1%
Total Funds	\$47,509,415	\$45,773,725	\$35,526,091	-\$10,247,634	-22.4%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.